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## CROP INSURANCE INDEMNITY PAYMENTS

Broadcast by Leroy K. Smith, Federal Crop Insurance Corporation and John C. Baker, Office of Information, Tuesday, June 6, 1939, in the Department of Agriculture period, National Farm and Home Hour.

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BAKER:

Some disquieting reports have been coming in from the wheat belt -- reports of drought and grasshopper infestation. But there are some bright spots in the picture as well. Many growers whose wheat crops are threatened have crop insurance policies. Perhaps Leroy K. Smith, manager of the Federal Crop Insurance Corporation, has more to say along that line. How about it, Lee?

SMITH:

Well, John, you've summed up the situation pretty well. But let me add this: During the past year, the idea of wheat crop insurance has been introduced to the wheat growers of the United States and more than 163,000 of them have taken out policies which assure them of at least 75 percent of an average crop. Now, as the 1939 harvest -- the first insured harvest -- comes along, the growers who have lost their wheat prospects are getting insurance payments to make up for the loss.

BAKER:

That's "proof of the pudding."

SMITH:

It's the most important test of crop insurance, all right.

BAKER:

And how is this -- I believe you call it adjustment work -- coming along?

SMITH:

Frankly, John, we're finding that it isn't difficult to make settlements that are fair both to the farmer and the program as a whole. You'll recall that we made the first indemnity payment in the United States about six weeks ago. . . .

BAKER:

Yes -- we told about it on this program. That farmer's crop was blown out, wasn't it?

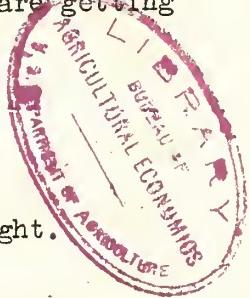
SMITH:

That's right. Since then, the work of adjusting losses has started in most of the winter wheat states. We have paid indemnities to 547 farmers in 12 states. They have received about 225,000 bushels of wheat, or the cash equivalent, to make up for their losses. Of course, that is only the beginning. The heavy work will come around harvest time.

BAKER:

Let's see -- 547 farmers and 225,000 bushels -- that's an average of about 400 bushels apiece.

(over)



SMITH:

Of course the amount of indemnities in each case depend on the amount of yield insured. For example, Aubrey Cousins of Panhandle, Texas, insured his 536-acre crop last fall. It cost him a premium of 1,098 bushels. Well, along in March drought and wind took his crop -- a total loss. So he collected an indemnity of 4,824 bushels.

BAKER:

Whew! Nearly 5,000 bushels for 1,098 bushels of premium!

SMITH:

That's one of the largest payments to date. And Aubrey Cousins said his insurance this year made the difference between quitting farming and keeping going. His indemnity paid off an eleven hundred dollar crop mortgage at the bank, a fuel bill, and paid an installment on his land mortgage.

BAKER:

That indemnity did a lot of work!

SMITH:

Most of them do. Here's one that's more typical of the Middlewest. F. E. Cowden, of Riverton, Iowa, raises wheat in his regular farm rotation -- just 39 acres. He insured his crop last fall and paid 72 bushels as premium. Then in March the land was flooded and the growing wheat was ruined. But his insurance gave him 628 bushels of wheat to sell.

BAKER:

What have been the main causes of the 547 losses that have been settled thus far?

SMITH:

Well, drought has caused most of the losses -- but some growers have lost their crops from too much rain. Then there have been losses from winterkill, sand storms, blowing, grasshoppers, hail..... practically all the hazards that can turn a good crop into a failure.

BAKER:

And no matter what causes the damage, it's nice to have it insured! Now, one last question. How long does it take a grower to collect his insurance when his crop is damaged or destroyed.

SMITH:

Not very long. We give special handling to all indemnity cases. Some of the early ones have been completed and the farmers have received their indemnity payments within two weeks after the loss was reported. In general, I should say that the farmer should have his insurance payment within 30 days after the loss has been adjusted.

BAKER:

And that's good service. Thank you, Lee Smith, for bringing us up to date on the wheat crop insurance program.